

ORDER NO. 2548

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Nanci E. Langley

Periodic Reporting
(Proposal Two)

Docket No. RM2015-10

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES
USED IN PERIODIC REPORTING
(PROPOSAL TWO)

(Issued June 19, 2015)

I. INTRODUCTION

On June 17, 2015, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider changes to analytical principles relating to periodic reports.¹ Proposal Two is attached to the Petition and identifies the proposed analytical method change as a change for a unified International Cost and Revenue Analysis Report (ICRA). *Id.* Attachment at 1.

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), June 17, 2015 (Petition).

The Postal Service concurrently filed a nonpublic library reference, along with an application for nonpublic treatment.²

II. SUMMARY OF PROPOSAL

The Postal Service proposes replacing the traditional imputed and booked versions of the ICRA report with a single, unified version. Petition, Attachment at 1. The booked version reflects the cost of settlement payments as reported in the Postal Service's financial statements. *Id.* at 1-2. The imputed version reflects the costs of settlement payments estimated from the known settlement rate for each country multiplied by the known units (number of pieces or pounds of mail or both, depending on the formula application for each county). *Id.* at 1. Two versions of the ICRA were previously necessary because of the lag time between actual mail flows and settlement transactions between the Postal Service and foreign postal administrators. *Id.*

The Postal Service, however, explains that the majority of the settlement payment timing delay was eliminated in fiscal year 2012 with the implementation of the Foreign Payment System for inbound revenue. *Id.* at 2. The Postal Service states that this proposal will allow it to report financial results for international mail in a unified ICRA, in a manner consistent with the Revenue, Pieces and Weight report and the Postal Service's financial statements. *Id.* at 2.

The Postal Service states that the impact of this proposal is very small. *Id.* at 3. By way of an example, the Postal Service states that for each of the last three fiscal years, the differences in both total cost and total revenue between the imputed and booked versions have been one percent or less. *Id.* In addition, the Postal Service states that producing a unified ICRA will streamline its production process and reduce

² Notice of Filing of USPS-RM2015-10/NP1 and Application for Nonpublic Treatment, June 17, 2015 (Notice). The Library Reference is USPS-RM2015-10/NP1—Nonpublic Material Relating to Proposal Two. The Notice incorporates by reference the Application for Non-Public Treatment of Materials contained in Attachment Two to the December 29, 2014 United States Postal Service Fiscal Year 2014 Annual Compliance Report. Notice at 1. See 39 CFR part 3007 for information on access to nonpublic material.

the number of items the Commission must review. *Id.* Moreover, the Postal Service explains that a unified ICRA will eliminate the need to distinguish between versions under discussion, thereby avoiding confusion. *Id.*

III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2015-10 for consideration of matters raised by the Petition. Additional information concerning the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Two no later than July 30, 2015. Reply comments are due no later than August 10, 2015. Pursuant to 39 U.S.C. 505, Kenneth E. Richardson is designated as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. RM2015-10 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), filed June 17, 2015.
2. Comments are due no later than July 30, 2015. Reply comments are due no later than August 10, 2015.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Kenneth E. Richardson to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary